broker, agent and interested ~~parties for settlement of the~~ trade.

32-~~30~~. (Amended) The method of claim 2~~8~~ 31 in which the step of storing information in the standing instruction database comprises the storing of (i) records for [the] internal customer account numbers of the institution's accounts and [the] corresponding internal account numbers used by the broker for those accounts and (ii) a record to link those internal account numbers and the step of generating a confirmation and comprises the further step of (i) accessing the record that links the internal account records and (ii) accessing the internal account number records based on that link.

Remarks

I.   INTRODUCTION:

Reconsideration and allowance of the captioned application is respectfully requested. Claims 1-9 and 12-36 are pending in the above-identified application, with claims 10 and 11 having been hereby canceled without prejudice, and claims 4, 9, 14, 29 and 30 having been hereby amended. No new matter has been added.

II.   THE REJECTION OF CLAIMS 4 AND 30 UNDER 35 U.S.C. §
          112, SECOND PARAGRAPH, SHOULD BE WITHDRAWN

Claims 4 and 30 stand rejected under 35 U.S.C. § 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which the applicant regards as the invention. It is respectfully submitted that this rejection should be withdrawn in view of the following remarks.

The Examiner states that there is insufficient antecedent basis in claims 4 and 30 for the limitation of "records for the internal customer account numbers". The

claims have been appropriately amended.

Accordingly, it is respectfully submitted that the rejection of claims 4 and 30 under 35 U.S.C. § 112, second paragraph, has been overcome.

III.   THE REJECTION OF CLAIMS 1-36 UNDER 35 U.S.C. §103(a) SHOULD BE WITHDRAWN

Claims 1-36 stand rejected under 35 U.S.C. §103(a) as being unpatentable over the Proposed Rule Change filed with the Securities and Exchange Commission (S.E.C.), File No. SR-DTC-93-7, by the Depository Trust Company ("the Depository Trust Company filing" in view of U.S. Patent No. 5,497,317 to Hawkins et al. ("the Hawkins et al. patent"). It is respectfully submitted that this rejection should be withdrawn in view of the following remarks.

In order for a claim to be rejected for obviousness under § 103, the prior art must teach or suggest each element of the claim and suggest combining the elements in the manner contemplated by the claim. See Northern Telecom, Inc. v. Datapoint Corp., 908 F.2d 931, 934 (Fed. Cir.), cert. denied 111 S.Ct. 296 (1990); In re Bond, 910 F.2d 831, 834 (Fed. Cir. 1990).

Claim 1 recites the following:

> . . . a processing computer within the computer system, which is coupled to the standing instruction database and which is configured to:
> i. receive a communication from a broker containing notice of order execution information (a broker communication);
> ii. receive a communication from the institution containing institution allocation instruction information (an institution communication);
> iii. match, at the processing computer, the institution communication with the broker communication based on information contained in both communications . . . .

Claims 9, 12, 14, 21 and 31 recite similar subject matter. Claims 2-8, 15-20 and 32 depend from claims 1, 14 and 31, respectively.

Also, claim 22 recites a method including the
following steps:

> . . . receiving a communication from the broker
> containing the notice of order execution
> information (a broker communication);
> b. receiving a communication from the
>   institution containing institution
>   allocation instruction information (an
>   institution communication);
> c. matching the institution communication
>   with the broker communication based on
>   information contained in both
>   communications. . . .

Claim 29 recites similar subject matter. Claims 23-28 and
claim 30 depend from claims 22 and 29, respectively.

The present invention relates to an enhanced
matching system which facilitates settlement of a securities
trade by obtaining agreement as to the details of that
securities trade in fewer steps than previously needed. This
enhanced matching system can be referred to as "Matching II".
Matching II allows for fewer steps in the trade settlement
process by matching of information contained in the ***notice of
execution*** (NOE), sent by the broker to the institution, to the
institution allocation instruction (II), sent in reply by the
institution to the broker. See Specification, page 20, lines
1, to page 29, line 2.

The Depository Trust Company filing, on the other
hand, neither teaches nor suggests, and in fact teaches away
from, matching of information in the NOE and the II. Rather,
in the Depository Trust Company filing, trade settlement
instructions (i.e., trade input) is input after trade
execution and during the trade settlement process. The system
matches that trade input to the II. See the Depository Trust
Company filing, page 20, lines 5-6. This system facilitates
trade settlement only by reducing the number of steps related
to the ***traditional confirmation/affirmation*** process of the
trade settlement. Such a trade settlement system can be
referred to as "Matching I".

In Matching I, upon a trade execution, a NOE is sent

from the broker to the institution via the Depository Trust Company (DTC). Upon receipt of the NOE by the institution, the institution sends an II to the broker, again via the DTC. At this point, the broker must enter trade settlement instructions (i.e., the trade input) for the trade and send them to the DTC. See the Depository Trust Company filing, page 4 of 72, page 29 of 72, page 19 of 72 line 30 to page 20 line 3. This step is required by Matching I as the DTC then matches this further information to the II. See the Depository Trust Company filing, page 20, lines 5-6, and page 50, lines 3-4. If a match occurs, the DTC sends either a "matched affirmed" or "matched" confirmation, thus supplanting the traditional confirmation/ affirmation process. See the Depository Trust Company filing, page 20, lines 6-12, and page 50, lines 11-15. Accordingly, the Depository Trust Company filing neither teaches nor suggests automatically matching received **notice of execution** information from a broker with **institution allocation instruction** information from an institution. The Hawkins et al. patent does not cure this deficiency of the Depository Trust Company filing.

For at least these reasons, it is respectfully submitted that the Depository Trust Company filing does not teach and the Hawkins et al. patent, alone or combined, renders obvious the subject matter of any of claims 1-9, 12 and 14-32.

Furthermore, claim 13 recites the following:

> In a computerized communication system used to exchange communications between a broker and an institution in the settlement of a securities trade:
> a.   a broker communication containing data within data fields designated by: institution identification number; broker identification number; security identification number; buy/sell code; number of shares or face value; settlement amount; trade date; and settlement date,
> b.   an institution communication containing

data within data fields designated by:
institution identification number;
broker identification number;
security identification number;
buy/sell code;
number of shares or face value;
settlement amount;
trade date; and
settlement date, and

c. a computer processor which compares the
data within data fields of the broker
communication with the data within data
fields of the institution communication
and if the data matches, generates a
confirmation for the trade and makes that
confirmation available from the computer
processor to the institution, broker,
agent and interested parties for the
settlement of the trade.

Each of the fields recited in connection with the broker
communication and the institution communication are fields
from a notice of executed order and an institution allocation
instructions. Thus, arguments made above in connection with
claims 1-9, 12 and 14-32 and the Depository Trust Company
filing and the Hawkins et al. patent apply equally to claim
13. Accordingly, neither the Depository Trust Company filing
nor the Hawkins et al. patent renders obvious the subject
matter of claims 13.

Furthermore, claim 1 recites the following:

a standing instructions database containing
sets of instructions for trade settlement
previously input by the institution, the
broker, and the agent.

Claims 14, 21, 29 and 31 recite similar subject matter.
Claims 2-8, 15-20, 30 and 32 depend from claims 1, 14, 29 and
31, respectively.

In accordance with the present invention, Matching
II, as recited in claims 1, 14, 21, 29 and 31, allows parties
to the trade (i.e., the broker, institution and/or agent) to
input sets of instructions for trade settlements into the
standing instructions database (SID) at a time before the
trade and/or the trade settlement processes occur. See
Specification, page 13, line 15, to page 18, line 19.

Building upon such previous input of the trade settlement information by the parties, Matching II, as recited in claims 1, 14, 21, 29 and 31, upon a match of information contained in the NOE and II, generates a confirmation based upon that matched information and the trade settlement information. See Specification, page 20, lines 4-8, and page 32, line 6, to page 34, line 20. In particular, claims 1, 21, 29 and 31 recite "if there is a match, generating a confirmation for the trade based on information contained in the broker communication, information contained in the institution communication and information stored in the standing instructions database," and claim 14 recites "the trade confirmation communications system further comprised to generate a confirmation based on information within the received communication and information stored within the standing instruction database."

Thus in Matching II, upon a trade execution, a notice of execution (NOE) is sent by the broker to the institution via the processing computer. Upon receipt of the NOE by the institution, the institution sends an institution allocation instruction (II) to the broker, again via the processing computer. At this point, the processing computer matches the information contained in each communication (i.e., the NOE and the II) and, if there is a match, generates a confirmation based on the information contained in each of the two communications and, if necessary, the information previously stored in the SID by the parties to the trade (i.e., the instructions for the trade settlement). In this manner then, the parties to the trade can immediately effect an exchange of funds and securities (i.e., trade settlement) according to the delivery instructions set forth in the confirmation.

The Depository Trust Company filing, on the other hand, neither teaches nor suggests, and in fact teaches away from, matching of information in the NOE and the II, input of trade settlement instructions before trade execution, and the

subsequent addition of that information to the confirmation.
Rather, the <u>Depository Trust Company</u> filing still requires
input of trade settlement instructions (i.e., trade input)
after trade execution and during the trade settlement process,
matches that trade input to the II, and facilitates trade
settlement by reducing the number of steps related to the
traditional confirmation/affirmation process of the trade
settlement.

As noted above, in Matching I, upon a trade
execution, a NOE is sent from the broker to the institution
via the Depository Trust Company (DTC). Upon receipt of the
NOE by the institution, the institution sends an II to the
broker, again via the DTC. At this point, the broker <u>must</u>
enter trade settlement instructions (i.e., the trade input)
for the trade and send them to the DTC. See the <u>Depository
Trust Company</u> filing, page 19, line 30 to page 20 line 3.
This step is required by Matching I as the DTC then matches
this information to the II. See the <u>Depository Trust Company</u>
filing, page 20, lines 5-6, and page 50, lines 3-4. If a
match occurs, the DTC sends either a "matched affirmed" or
"matched" confirmation, thus supplanting the traditional
confirmation/ affirmation process. See the <u>Depository Trust
Company</u> filing, page 20, lines 6-12, and page 50, lines 11-15.
The <u>Hawkins et al.</u> patent in no way cures the above mentioned
deficiencies. It is respectfully submitted that neither the
Depository Trust Company file, nor the Hawkins et al. patent,
alone or combined, render obvious the subject matter of any of
claims 1-8, 14-21 and 29-31, for these additional reasons.

IV.   CONCLUSION

In light of the above remarks it is respectfully submitted that all of the pending claims are allowable. All issues raised by the Examiner having been addressed, an early and favorable action on the merits is earnestly solicited.

Respectfully submitted,

Dated: 27 Nov 1994   By: _____
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